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Tax Desk

¶82,006. Schedule D—Capital Gains and Losses

 **Forms to use:** Form 1041, Sch. D.

General Information for trusts and estates

- Gain or loss on distribution of property in kind to beneficiaries ¶ 652,006; ¶ 662,018
- Election by trust or estate to recognize gain or loss on distributions in kind ¶ 652,007; ¶ 662,019
- How to make the election to recognize gain or loss on distributions in kind ¶ 652,008; ¶ 662,020
- Distributions in kind in satisfaction of right to receive specific dollar amount or specific other property ¶ 652,009; ¶ 662,021
- Transfer of special use valuation property to qualified heir ¶ 652,010

Part I Short-term Capital Gains and Losses—Lines 1-5

Line 1a—Description of Property:

- Capital assets generally ¶ 249,001 et seq.

Line 1b—Date acquired:

- Short-term capital gains and losses defined ¶ 223,326

Line 1c—Date sold:

- Short-term capital gains and losses defined ¶ 223,326

Line 1f—Gain or loss:

- Capital gain and capital loss defined ¶ 223,309

Line 2—Short-term capital gain or loss from installment sales, like-kind exchanges, casualties or thefts, and Code Sec. 1256 Contracts and straddles:

- Short-term capital gains and losses defined ¶ 223,326
- Installment method dispositions ¶ 461,006
- Like-kind exchanges ¶ 223,601 et seq.
- Casualty loss deduction ¶ 366,001 et seq.
- Code Sec. 1256 contracts—marked to market rules ¶ 228,701 et seq.

Line 3—Net short-term capital gain or loss from partnerships, S corporations and other estates and trusts:

- Net short-term and net long-term capital gain or loss defined ¶ 223,305

- Tax exempt S corporation shareholders ¶ 681,012

Line 4—Short-term capital loss carryover:

- Years to which noncorporate capital losses are carried over ¶ 223,336
- Character and amount of noncorporate capital loss carryovers ¶ 223,337
- Adjusted taxable income defined ¶ 223,338

Part II—Long-term capital gains and losses—Lines 6-12

Line 6a(a)—Description of Property:

- Capital assets generally ¶ 249,001 et seq.

Line 6a(b)—Date acquired:

- Long-term capital gains and losses defined ¶ 223,304

Line 6a(c)—Date sold:

- Long-term capital gains and losses defined ¶ 223,304

Line 6a(f)—Gain or loss:

- Capital gain and capital loss defined ¶ 223,302
- Amount of noncorporate taxpayer's capital losses ¶ 223,305

Line 7—Long-term capital gain or loss from Forms 2439, 4684, 6252, 6781, and 8824:

- Long-term capital gains and losses defined ¶ 223,304
- Installment method dispositions ¶ 461,006
- Like-kind exchanges ¶ 223,601 et seq.
- Casualty loss deduction ¶ 366,001 et seq.
- Code Sec. 1256 contracts -- marked to market rules ¶ 228,701 et seq.
- Regulated investment companies and their shareholders ¶ 698,003
- Constructive sale of appreciated financial positions ¶ 228,601 et seq.
- Recognition of gain on receipt of non-qualified preferred stock ¶ 232,502

Line 8—Net long-term gain or loss from partnerships, S corporations, and other estates or trusts:

- Net short-term and net long-term capital gain or loss defined ¶ 223,305
- Tax-exempt S corporation shareholders ¶ 681,012

Line 9—Capital gain distributions (trust's capital gain distributions):

- Capital gains and currently distributable income ¶ 654,010
- Capital losses and currently distributable income ¶ 654,011

Line 10—Gain from Form 4797 (capital gain-ordinary loss rule):

 **Forms to use:** Form 4797.

- Sale of business property (capital gain-ordinary loss) ¶ 223,201 et seq.
- Code Sec. 1231 property defined ¶ 223,202
- Effect of Code Sec. 1231 assets on long-term capital gains and losses ¶ 223,308

Line 11—Long-term capital loss carryover:

- Years to which noncorporate capital losses are carried over ¶ 223,336
- Character and amount of noncorporate capital loss carryovers ¶ 223,337
- Adjusted taxable income defined ¶ 223,338

Part III—Summary of Parts I and II—Lines 13-15

Line 13—Net short-term gain or loss:

- Net short-term and net long-term capital gain or loss defined ¶ 223,305

Line 14a—Net long-term gain or loss:

- Net long-term gain or loss ¶ 223,305

Line 14b—Unrecaptured Section 1250 Gain:

- Unrecaptured section 1250 gain defined for purposes of the 25% maximum capital gains rate ¶ 223,318

Line 14c—28% rate gain:

- 28% maximum tax rate on collectibles gain and section 1202 (small business stock) gain ¶ 223,319 et seq.

Line 15—Total net gain or loss:

- Capital gain net income defined ¶ 223,306
- Net capital gain and net capital loss defined ¶ 223,307

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Line 16—Computation of limitation:

- Deduction of capital losses of noncorporate taxpayers ¶ 223,304

Part V—Tax Computation Using Maximum Capital Gains Rates—Lines 17-34

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- Capital gain net income for noncorporate taxpayers ¶ 223,303
- Years to which noncorporate capital losses are carried over ¶ 223,336
- Character and amount of noncorporate capital loss carryovers ¶ 223,337
- Adjusted taxable income defined ¶ 223,338

For additional guidance, see Fiduciary Return Guide.